PARTNERS
V3 NEW ELIGIBILITY SYSTEM

Introduction to Business Processes

With a new system coming onboard, now is the time for all employers to look at their internal processes to make sure they are ready for the changes accompanying V3 HPAS implementation.

With this issue of *Partners,* we will begin describing the V3 business processes. This issue describes the process to enter a newly hired employee.

The next several issues will describe HPAS processes for qualifying events, billing, and payment of monthly premiums.

Dealing with employees' benefits issues can be daunting. V3 is a tool to help employers to administer and employees to monitor their health benefits; however, it is not a "cure all."

Taking the steps necessary to examine your internal processes now, before V3 implementation, will ensure that you are in the best possible position to take advantage of V3's strengths.

There is a complex employee benefit legal environment that includes layers of mandates, requirements and constraints upon our business processes. In addition to Georgia code, the SHBP complies with the Internal Revenue Code, COBRA, HIPAA, FMLA, ADA, USERRA*, Medicare, and other applicable federal laws.

Failure to comply with these laws can result in the SHBP and you, as a participating employer, being assessed substantial fines and the

retroactive loss of the tax qualified status (ability for employees to enjoy pre-tax premium deductions) for all their cafeteria plan benefits offered, not just the health benefits. Collectively, employers and employees could be liable for millions of dollars in federal contributions if the Internal Revenue Service disallows the pre-tax status of the cafeteria plan.

It is imperative that employers take a hard look at their current internal processes to eliminate potential points of compliance failure, streamline their process flows, and assure that their employees make timely, appropriate elections and mid-year changes.

*COBRA = Consolidated Omnibus Budget Reconciliation Act
HIPAA = Health Insurance Portability and Accountability Act
FMLA = Family Medical Leave Act
ADA = Americans With Disabilities Act
USERRA = Employment and Reemployment Rights of Members of the Uniformed Services Act

...Timeliness Is the Biggest Issue...

Feedback from our employers indicates that timeliness is the biggest issue you currently face. This is an important issue because the various laws include time constraints.

SHBP suggests you ask the following questions:
- What is my current process flow for processing SHBP elections and changes?
- Where in this process do timeliness issues occur most often?
- What actions can be taken to address these issues?
- How can I obtain acceptance by employees and supervisors to implement changes?
- Are there internal system issues that create a problem in processing?

Processing a New Employee

Okay, you have a newly hired employee who has never worked in government and is **not** a transfer from another participating employer.

In order for this employee to have health benefit coverage, he must have an employment record entered in V3 HPAS.

As the employer, you are the owner of this employment record. All employees, whether benefits eligible or not, are required to have a V3 HPAS employment record.

The information required is very basic demographic data:
Name of Employee
Social Security Number
Date of Hire
Date of Birth
Gender
Sublocation/Work Site
Is the employee benefits eligible?

There are two methods for submitting this employment information about your new employees to HPAS.

The Web:

Payroll Location users will have access to a Web site where they can enter the required information about their new employee at any point 60 days prior to the employee's date of hire. You will have a unique logon ID and password and be able to access the Web site through a user-friendly Web-based interface.

Electronic Files:

As an alternative to the Web, Payroll Locations can submit electronic files to HPAS to enter the required information about their new employee.

This file must be sent in the MPPI format (Multi-Purpose Payroll Interface). Once the file is created, it can be uploaded to HPAS via the Web site at any point 60 days prior to the employee's date of hire.

Talk to Systems People

It would be a good idea to talk with your payroll system people soon to determine whether you will be able to submit new hire demographics before the employee's actual hire date.

You can provide additional information, such as the employee's address, phone number, org/sort code, etc.

If you provide this data, the employee will simply need to verify certain pieces of it when they first logon to HPAS. If it is not provided, then the employee will be required to enter it the first time they logon.

Once the Payroll Location adds the employees, they will be able to logon initially using their Social Security Number, last name, and date of birth. They will be prompted immediately to create a password, respond to a security question, and provide an email address, if they have an email address.

Once that's done, they will be prompted to verify, add or update demographic information.

HPAS includes an online tutorial to help them navigate the

system effectively, a screen help feature, and a knowledge base that includes enrollment information.

HPAS Available 24/7

Employees will be able to go to the HPAS Web site virtually 24 hours a day 7 days a week.

If the new employee does not have Internet access**,** you, the employer, will have the ability to act on behalf of your employees.

You will be able to make benefit elections, request mid-year changes based on qualifying events, update demographic information…anything your employees can do, you will have the ability to do on their behalf.

V3 HPAS will track the employee's 31-day enrollment window to make a timely benefit election.

During the 31-day enrollment window**,** new employees will be able to change their election as many times as necessary. When the 31-day period expires, HPAS will no longer allow the employee or the employer to make a new hire election.

The last coverage selected will be the final election. If no election was made, HPAS will default to "no coverage." The employee will only be able to enroll in or change coverage if they experience a mid-year qualifying event before the next open enrollment period.

Extending the 31-day window will not be possible since that could jeopardize the tax qualified status of the SHBP for all participating employers and employees. Timely elections are imperative.

Be forewarned that shortly after HPAS implementation, SHBP will begin to reject paper Membership/Dependent and Miscellaneous Update forms and return them to the Payroll Locations for processing. If you accept paper membership forms from your employees**,** you also accept the responsibility for timely entry of them in V3 HPAS.

The enrollment window, which begins 31 days before and ends 31 days after the hire date, will not be extended for the entry of these paper forms or for failure to create a timely employment record…please don't even ask us to do that.

...Solely the Employer's Responsibility...

The timely creation of the new employee's employment record in V3 HPAS is solely the employer's responsibility and it is a heavy responsibility. As stated in the opening paragraphs, now is the time to analyze and make improvements in your internal processes to ensure that you and your employees are in the best possible position to take advantage of all V3 HPAS has to offer. We cannot stress this point strongly enough.

Another point we cannot stress strongly enough is the timely election of health benefit coverage is the employee's responsibility.

Paper Forms...

Remember, If you accept a paper membership form, you assume the responsibility for timely entry into HPAS.

When the new employee, or Payroll Location representative on behalf of the employee, makes a health benefit election in HPAS, they will enter demographic information for dependents they wish to cover.

Family or Single?

They no longer need to elect a "single" or "family" coverage tier because HPAS will determine the correct tier based on the dependents' relationship and demographic information (see the June 2005 issue of *Partners*).

Then, the employee will see the list of coverage options for which he is eligible. After selecting an option**,** the employee will see a summary and acknowledgment of his health coverage election.

The acknowledgment will include a confirmation number, information about the status of their dependents**,** and the deadline for the documentation they are required to submit to verify their dependents**'** eligibility for the coverage, and other important information and notices.

This acknowledgment can be printed for the employee's records.

Because it includes a barcode it should be submitted as a cover letter for any required supporting documents. (In mid-2006, SHBP will image incoming documents by the barcode to sort and deliver the image to an SHBP specialist's work queue for online review and approval. Employees and Payroll Locations will be able to view images of the incoming and outgoing HPAS documents.

The acknowledgment will state that dependents will not be granted the coverage until SHBP has reviewed and approved their eligibility.

If SHBP does not receive the required dependent documentation within the timeframe stated in the acknowledgment, the coverage tier will revert to "single" coverage. It will also state that the employee will be granted the coverage after the appropriate payroll deduction has been reported to SHBP.

V3 HPAS will send you, the Payroll Location, an e-mail alert notifying you that an employee has elected coverage and you may download either a paper report or an electronic file of these elections which you can use to update your payroll system to keep it in sync with SHBP records. The report/file will advise you of the deduction amount (see the June 2005 issue of *Partners*).

The next monthly billing statement will reflect the required deduction amount.

Until the coverage is reconciled to a payroll deduction, the new coverage record is not sent to the health insurance vendors which means no one is able to use the coverage.

At any time before the creation of the SHBP monthly list billing statements, the Payroll Location may view and download a "proof" list billing statement that is a real-time snapshot of SHBP coverage records and associated payroll deductions. SHBP strongly recommends that you plan to make use of this reconciliation tool prior to running your payroll cycles.

That's a lot to digest at one time isn't it? If you find you have questions about the new hire process, please contact one of the SHBP Business Analysts listed here.

STATE HEALTH BENEFIT PLAN

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